



International Agricultural Trade Report

Weekly Market Report: Dairy, Livestock, & Poultry

May 14, 1999

May Outlook for U.S. Beef, Pork, and Poultry Meat

USDA's World Agricultural Supply and Demand Estimates—released May 12—indicates a minimal decline in total U.S. meat production in 1999 from the previous forecast, although production exceeds the 1998 level by nearly 2 percent. Meat production is forecast to remain flat in 2000, as an increase in poultry production is expected to offset declining red meat production.

The forecast for total meat exports in 1999 is minimally changed. Meat exports are forecast to decline 1 percent in 2000, as lower red meat exports are expected to offset an

increase in poultry exports. The meat import forecast remains unchanged in 1999, while imports are forecast to increase nearly 3 percent in 2000 due to greater beef import demand.

The 1999 U.S. **beef** export forecast was raised 2 percent to 1.1 million tons. Exports during the first quarter were stronger than earlier projected, especially to Mexico and Korea. At 22,500 tons, beef exports to Mexico during January and February 1999 were 20 percent higher than a year earlier. The first two months of exports to Korea were 15,300 tons, compared with 4,200 tons in 1998. Import demand in Korea has picked up this year, and beef imports that were contracted as part of last year's Livestock Products Marketing Organization tenders are providing a boost to the early imports.

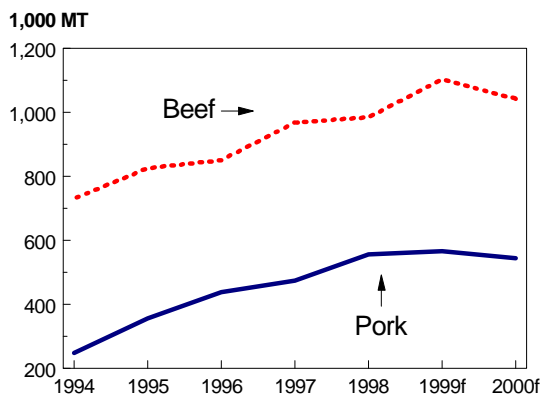
Cattle prices in 1999 are expected to be about \$64/cwt, about 5 percent higher than in 1998. In 2000, cattle inventories and slaughter are expected to continue to decline. As a result of tightening supplies, cattle prices are projected to move into the low to mid-\$70/cwt in 2000.

Beef exports in 2000 are forecast to drop 6 percent to 1 million tons, as the gains enjoyed in 1999 from food aid shipments to Russia are not expected to be repeated in 2000. In addition, higher beef prices in 2000 could have a dampening effect on exports. U.S. beef imports are forecast to rise nearly 4 percent to 1.3 million tons as domestic supplies, especially cow beef, tighten in 2000.

			Production	Imports	Exports	Prices 1/
			1,000 MT (CWE)			
Beef	1998		11,685	1,198	985	\$61.48/cwt
	1999	Apr	11,633	1,227	1,080	\$63-66
		May	11,625	1,227	1,104	\$63-66
	2000	May	10,957	1,270	1,043	\$71-76
Pork	1998		8,623	319	557	\$34.72/cwt
	1999	Apr	8,584	318	606	\$35-37
		May	8,559	318	567	\$36-38
	2000	May	8,394	318	544	\$40-43
Poultry	1998		14,952	3	2,515	\$0.63/lb.
	1999	Apr	15,844	3	2,359	\$0.57-0.59
		May	15,846	2	2,393	\$0.57-0.59
	2000	May	16,605	2	2,430	\$0.52-0.56

1/ Prices: Nebraska Choice Steers, Iowa/S. Minn. Barrows & Gilts , and Broilers Wholesale, 12-City Average.

U.S. Beef and Pork Exports



The forecast for 1999 **pork** production is reduced slightly due to slower slaughter rates in the first 2 quarters. Production is forecast to decline 2 percent in 2000 to 8.39 millions tons as producers continue to respond to the drop in hog prices in the past year.

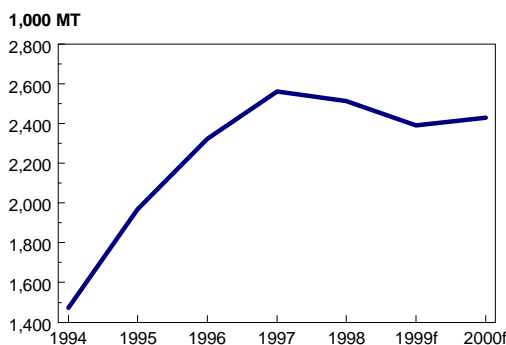
The 1999 pork export forecast is reduced 39,000 tons to 567,000 tons due to slow exports to Mexico, Canada, and Russia, and weak exports of lower value cuts, such as trimmings. Pork exports are forecast to decline 4 percent to 544,000 tons in 2000, as food aid shipments to Russia are not expected to be repeated in 2000. U.S. pork imports remain unchanged at 318,000 tons in 1999, and are forecast to remain flat in 2000.

U.S. live hog prices for 1999 were raised \$1/cwt to \$36-38/cwt due to reduced supplies and lower slaughter rates in the 2nd and 3rd quarters. Hog prices are forecast to increase roughly \$4/cwt to \$40-43/cwt in 2000 due to the expected decline in production.

Despite continuing weakness in U.S. **poultry** exports due to reduced sales to Russia, exports are stronger so far in 1999 than earlier forecast. Total poultry exports in 1999 were revised up 1 percent to 2.4 million tons reflecting stronger-than-expected broiler shipments so far in the first quarter. This still represents a 5-percent decline from 1998. Poultry exports in 2000 are forecast nearly 2 percent higher than 1999 exports as prospects for the Russian market slowly improve; nonetheless, the 2000 forecast is still slightly below 1998 exports.

Broiler exports to Russia were down 72 percent (January to February) from a year ago due to continuing effects of the August 1998 ruble devaluation, yet stronger-than-expected shipments to Hong Kong and the Baltics resulted in an upward revision (8 percent) in broiler exports for the first quarter of 1999, to 464,000 tons. Broiler exports in the remaining quarters were left unchanged, and total 1999 broiler exports are now forecast at 2 million tons, still down nearly 4 percent from 1998. Broiler exports in 2000 are expected to be about 2 percent higher than 1999 exports.

U.S. Poultry Exports



Total U.S. turkey exports were down 16 percent (January to February) from a year ago reflecting soft demand in Russia. Exports to our most important market, Mexico, are showing only modest growth. No changes were made to the 1999 turkey export forecast of 181,000 tons, and the same level is expected in 2000.

DLP Contacts: Kim Svec/720-8252, Joel Greene/720-6553, and Monica Castillo/720-7285